

TUMWATER BUDGET & FINANCE COMMITTEE
MINUTES OF VIRTUAL MEETING
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CONVENE: 4:00 p.m.

PRESENT: Mayor Debbie Sullivan and Councilmembers Michael Althausen, Leatta Dahlhoff, and Eileen Swarthout.

Staff: City Administrator Lisa Parks, City Attorney Karen Kirkpatrick, and Finance Director Troy Niemeyer.

**BUDGET
AMENDMENT NO.
1:**

City Administrator Parks acknowledged the Council for its previous action to convert the City's annual budget to a biannual budget as it affords an opportunity for the Council to consider strategic priorities that feed into the biannual budget. Transparency and accountability associated with clearly articulated strategic priorities are very important as it provides connection to the community and prioritizes constituent and organizational needs.

Director Niemeyer presented proposed budget amendments and reviewed next steps.

Director Niemeyer reviewed some of the factors and challenges affecting the results of the 2022-2023 budget:

- Habitat for Humanity Tâlicn project in collaboration with the Department of Commerce and South Puget Sound Habitat for Humanity to take advantage of a grant program
- Challenges associated with the lease for South Puget Community College for the relocation of Water Resources and Sustainability
- Skyrocketing insurance costs
- Inflationary pressures
- Supply chain issues
- Brewmaster House arson fire
- Door replacement at Fire Station
- Required maintenance at Fire Stations and the Police Department

The total budget amendment request for 2023 of the 2023/2024 biennial budget is \$1.4 million. Of that amount, \$1 million is attributed to the Tâlicn Homes project and the Brewmaster House arson fire. The Tâlicn project is funded through a grant. The Brewmaster House arson fire is covered by insurance with a \$5,000 deductible. Other budget amendments are attributed to the failure of the Regional Fire Authority ballot measure requiring the Fire Department to complete a five-year Master Plan, an increase in Thurston County recording fees, an increase in audit costs, and an increase in compliance audits to satisfy federal grant requirements.

The City's ERP funds reflect cost savings from 2021/2022 moved forward to continue implementation of the project.

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Other carryover expenses include:

- Water Fund for automatic metering service replacing older meters with new meters capable of transmitting data. The project was initiated in 2021/2022 and completed in 2023.
- Solarization projects installed at lift stations and wellheads.
- Walk-in refrigerator at River's Edge Restaurant
- Temporary Help – golf operations and golf maintenance
- The 2023/2024 budget split the ER&R account between Fleet and IT to improve tracking of assets and expenses. Cost increases in the ER&R account are attributed to the following:
 - Increased new street sweeper costs
 - Carryover budget for two MPD funded Park maintenance vehicles
 - Insurance costs under budgeted in 2023
 - Vehicle Charging Stations at City Hall (carryover from 2022)

The total budget amendment for 2023 is \$2.3 million for all combined funds. The amount is partially offset by grants and insurance reimbursements reflecting a net budget increase of \$1.1 million or a 1% increase.

Director Niemeyer invited questions and comments.

Councilmember Dahlhoff referred to previous conversations with the Mayor and City leadership about a request for \$25,000 for senior repairs. City Administrator Parks recommended adding the request to the 2024 budget as the proposed amendment is reflective of retroactive costs.

Councilmember Dahlhoff described her outreach efforts to seniors at four manufactured home parks and contacts the City has received for assistance with home repairs and rental increases experienced by the senior community. She recommended including a budget request of approximately \$25,000 reflected as a line item for senior repairs in 2024 with a discussion by the Council during its retreat on overall senior protections in Tumwater comprised of utility services, support through the Fire Department, food bank collaboration, and senior repairs as a possible pilot program.

Discussion ensued on potential legislation to assist seniors. Councilmember Dahlhoff noted that during the last session, bills introduced to assist seniors did not pass with legislators conveying the importance of seniors continuing to return with requests. Councilmember Dahlhoff said her intent is for the City to model the way for assisting

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seniors while waiting for legislators to catch up with legislation to protect seniors.

City Administrator Parks and Director Niemeyer confirmed that the request would be included for discussion by the Council during the retreat.

Director Niemeyer reviewed changes in 2024 revenue and expenses

Within the Community Development Department, the City received an EPA grant of \$500,000 to study contamination at the brewery site. Another grant of \$200,000 was received to study contamination at the former Washington State department of Transportation (WSDOT) site off Capitol Boulevard. Staff anticipates a funding need of approximately \$200,000 to fund consultants to assist in the Comprehensive Plan Periodic Update process. With the advent of increased development activity in the City, the Community Development Department has requested funds for additional employees.

Councilmember Swarthout asked whether the changes represent both revenue and expenses as some of the expenses will be reimbursed by grants. Director Niemeyer explained that the budget must account for all expenses reflecting an increase in the overall budget. However, after the City receives grants, the costs will be offset from the reimbursements.

City Administrator Parks added that staff anticipates receiving grants from the Department of Commerce for some of the Comprehensive Plan update work. Staff anticipates receiving \$334,000. Director Niemeyer reported staff applied for the grants and there is optimism the City will receive the grants, as the grants are non-competitive.

Director Niemeyer described the budget request for funding for an Assistant City Attorney. Although requested in the last budget, the position was not funded; however, the Council authorized a Risk Manager position. The former Administrative Services Director assumed risk responsibilities. As the City continues to grow, those responsibilities have increased substantially, and staff recommends accommodating risk and Assistant City Attorney responsibilities by adding an Assistant City Attorney position.

Other increases in costs are attributed to insurance and audits. Additionally, the Ready Rebound program as required in the fire collective bargaining agreement was inadvertently not included in the budget.

City Administrator Parks added that the budget for the Risk Manager position was \$140,000. Instead of using the funds for the Risk Manager position the proposal is to utilize the funds for the Assistant City Attorney

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position as well as incurring some savings in professional services to fund the difference in costs of the position.

Within the Executive Department, the increase in the budget is attributed to the increase in recording fees, lobbyist services for the Habitat Conservation Plan (HCP) to explore funding sources from the state or federal government to implement the HCP to purchase gopher credits and acquisition of land.

Councilmember Althaus asked whether the increase in lobbyist fees is in addition to the amount currently allocated for the City's lobbyist for state legislation. City Administrator Parks responded that the request would supplement required expenses in 2024 related to the HCP.

Director Niemeyer reported the City Hall remodel of the Finance Department was initially budgeted. However, as employees returned to City Hall following the pandemic, staff reviewed potential ways to improve the efficiency of existing space by purchasing new furniture and reconfiguring office spaces. Additionally, based on the results of a Homeland Security Audit completed several years ago, the audit recommended some changes to City Hall to improve safety and security for staff and assets. The recommendations were not implemented. The City is also undertaking an investment grade energy audit of City Hall. The results will cover all City buildings to include City Hall. Because of the possibility of implementing energy efficiency opportunities, the City could be eligible to apply for grants. Although some improvements were included in the proposed amendment, staff recommends deferral of the improvements until the energy audit is completed to determine a comprehensive plan for improvements at City Hall. The proposal for City Hall improvements will be presented during the next budget cycle for consideration.

Within the Parks and Recreation Department, proposed amendments include the purchase of a forklift, promotion of the Department Assistant 1 to Department Assistant 2, increasing the Volunteer Coordinator position from a .75 FTE to 1.0 FTE, and increasing the Arts Specialist position from a .5 FTE to 1.0 FTE.

Within Transportation and Engineering, the proposed amendments include several reclassifications of project coordinator and construction engineer positions, addition of two Project Inspectors, addition of a Maintenance Worker for Streets, and addition of Utility Engineer (funded from Utility Fund).

As referenced earlier, the Utilities Fund amendments include the South Puget Sound Community College lease with one-time cost savings to help

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offset capital costs to remodel new space at the college. A large capital project is the water main on Israel initially scheduled in the Capital Facilities Plan to occur between 2022 and 2024. The cost was included in the 2022 budget. The project was initiated in 2023 and the proposed amendment carries the budget forward to 2023. The water main portion of the project is from the Water Utility budget programmed in 2022 but completed in 2023 reflecting a decrease in the Water Utility Fund balance in 2022.

Within IT ER&R, the amendments include some improvements at T-COMM to improve the reliability of T-COMM services for fire and police, and an increase in a Department Assistant position from .5 FTE to .75 FTE.

Councilmember Dahlhoff inquired about the timeline for the Council receiving new laptops or cell phones. Director Niemeyer advised that IT staff has begun releasing the equipment to the Council. He offered to follow-up with staff on the status of the equipment.

Director Niemeyer reported the budget includes a 4% COLA for non-represented employees plus an increase in dependent health insurance from 75% to 80% resulting a net cost of \$113,000 for all non-represented employees, which is included in budgeted benefits for non-represented employees.

For 2024, the total proposed amendment is \$7 million in expenses with \$4.2 million of that amount allocated to the water main project on Israel Road. Director Niemeyer summarized major projects totaling \$6.6 million of the \$7 million. The total increase to the General Fund in 2024 is \$1.7 million with \$700,000 for the environmental studies included as well as several other larger expenses totaling \$1.4 million of the \$1.7 million with \$900,000 in additional revenue for grants resulting in net increase of \$836,000 for 2024.

Director Niemeyer invited questions.

Councilmember Dahlhoff commented that compared to other jurisdictions experiencing significant cuts in personnel, she is satisfied with the budget outcome.

Councilmember Swarthout asked whether the proposed amendment factors the request for senior assistance. Director Niemeyer advised that the senior funding request was not included in the proposed amendment.

Director Niemeyer reported staff is conducting a salary survey of non-represented employees for both salaries and benefits. Staff reviewed a list

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of COLAs over the last 20 years revealing a stark difference between represented and non-represented employees. Any budget proposal would be presented during the next biennium budget. Current negotiations are in progress with the Police Guild. The Teamsters are scheduled for negotiations in the near term. To address the tremendous increase in insurance, staff is scheduling a WCIA representative to review insurance costs with the Council during a work session. Next year, the City will initiate a new biennial budget process.

Next steps include a presentation of the proposed budget amendment to the City Council on November 21, 2023 followed by a public hearing for consideration to adopt the proposed budget or deferral until December 5, 2023.

Councilmember Dahlhoff supported the proposed budget amendment to include \$25,000 for senior repairs with other discussions deferred until the Council retreat.

Councilmember Swarthout inquired about details associated with the Homeland Security audit, and how staff plans to accommodate new employees. Director Niemeyer said he was not directly involved in the Homeland Security Audit other than a review with the representatives. The audit was primarily on protecting the City's utility infrastructure with a focus on safe water drinking supply. The audit also examined IT as many of the City's utilities are controlled electronically. Additionally, as IT servers are located in City Hall, security at City Hall was also examined. Following an initial walk through, Homeland Security inspectors observed a lack of plexiglass for protection of staff at the various customer counters should City Hall fall victim to an active shooter incident. Staff is exploring reconfiguration of existing offices to accommodate new employees.

City Administrator Parks added that staff has developed a plan to accommodate new employees by moving staff, reconfiguration of existing space, and upgrading some furniture and lighting.

ADJOURNMENT: With there being no further business, Mayor Sullivan adjourned the meeting at 4:50 p.m.